Consumers Distributing®

Annual Report

1976

Corporate Directory January 29, 1977

Directors:

JACK STUPP, Chairman of the Board and Chief Executive Officer, Toronto
ALBERT C. PLANT, President and Chief Operating Officer, Toronto
MICHAEL APPLETON, Barrister and Solicitor, Toronto
RICHARD BAIN, Barrister and Solicitor, Toronto
L.S.D. FOGLER, Q.C., Barrister and Solicitor, Toronto
A.J. LATNER, President, Greenwin Construction Company, Toronto
LILLIAN STUPP, Toronto
RAY D. WOLFE, Chairman of the Board and Chief Executive Officer, The Oshawa Group Limited, Toronto

Officers:

JACK STUPP, Chairman and Chief Executive Officer
~~ALBERT C. PLANT, President and Chief Operating~~ Officer
GEORGE GRAFF, Senior Vice President, Operations
PETER M.C. ONIONS, Vice President, Finance
REGINALD J. ROBERTSON, Vice President, Development
ROBERT M. WEAVER, Vice President, Sales and Store Operations
PETER M. SULLIVAN, Controller
RICHARD E. ZEMP, Treasurer
L.S.D. FOGLER, Q.C., Secretary

Transfer Agent and Registrar
Guaranty Trust Company of Canada, Toronto

Auditors
Laventhol & Horwath, Toronto

Bank
Canadian Imperial Bank of Commerce

Stock Listing
The Toronto Stock Exchange

Head Office
62 Belfield Road, Rexdale (Toronto), Ontario M9W 1G2

Distribution Centre
6700 Northwest Drive, Mississauga, Ontario

Associated Company
Consumers Distributing Company (National) Limited,
~~62 Belfield Road, Rexdale, Ontario M9W 1G2~~

Contents

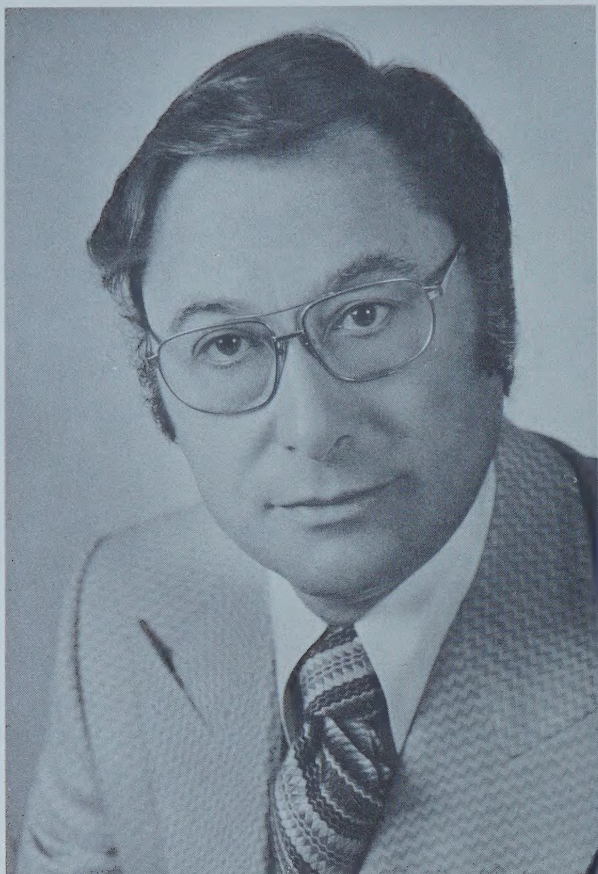
Financial Highlights

	52 WEEKS ENDED JAN. 29/77	13 MONTHS ENDED JAN. 31/76	12 MONTHS ENDED JAN. 31/76[1]
Sales			
Ontario	$ 87,316,357	$ 85,618,000	$ 82,378,000
National[3]	90,928,510	83,041,000	79,787,000
	178,244,867	168,659,000 +5.6%	162,165,000
Net profit[4]	$ 1,331,357	$ 144,000	$ 493,000
Earnings per share	30¢	3¢	11¢
Tax-paid dividends per share	–	3¢	3¢
Shares outstanding – average	4,456,196	4,456,196	4,456,196
Working capital	$ 9,960,690	$ 8,421,000	$ 8,421,000
Showrooms			
Ontario	84	83	83
National	76	72	72
	160	155	155

Five Year Comparative Summary ($000's)

	52 WEEKS ENDED JAN. 29/77	12 MOS. ENDED JAN. 31/76[1]	1974	1973	1972
Sales					
Ontario	$ 87,316	$ 82,378	$ 74,448	$ 62,516	$ 55,785
National	90,929	79,787	63,912	37,551	17,704
	178,245	162,165	138,360	100,067	73,489
Share of net earnings of Consumers 'National'	585	57	518	701	451
Earnings before taxes	1,973	872	3,539	6,302	5,751
Income taxes	642	379	1,634	2,845	2,550
Net income[4]	1,331	493	1,905	3,456	3,201
Tax-paid dividends	–	134	512	445	430
Working capital	$ 9,961	$ 8,421	$ 7,838	$ 9,118	$ 8,445
Total assets	48,437	43,656	48,417	32,801	27,601
Shareholders' equity	18,319	16,988	16,601	15,299	12,337
Shares outstanding					
actual[2]	4,456,196	4,456,196	4,456,196	4,456,196	4,453,056
average[2]	4,456,196	4,456,196	4,456,196	4,454,747	4,260,088
Earnings per share[2]	30¢	11¢	43¢	78¢	75¢
Tax-paid dividends per share[2]	–	3¢	11.5¢	10¢	10¢
Showrooms					
Ontario	84	83	82	69	56
National	76	72	65	45	26
	160	155	147	114	82

1 Unaudited
2 Share data is adjusted for the two-for-one stock split of August 14, 1972.
3 National is a 50% owned subsidiary of Consumers Distributing Company Limited. The sales reported are the total National Sales.
4 Net profit includes the 50% share of National earnings or losses and excludes extraordinary gains or losses.
5 In 1976 the company changed its fiscal year end from December 31 to January 31. During the current year the company modified this change by having the fiscal year end on the last Saturday in January.



To our Shareholders

During the fiscal year ended January 29, 1977, your company made excellent progress in terms of profitability despite the sluggish consumer demand which was experienced by virtually all members of the retailing industry. Net profit rose to $1,331,000 or 30 cents a share, compared with $493,000 or 11 cents a share in the previous year.

This encouraging increase in profit was achieved despite the fact that sales from the combined companies, Consumers 'Ontario' and Consumers 'National' (in which your company has a 50 percent interest) rose only 10 percent from $162,200,000 to $178,200,000.

In looking at the sales performance, it is evident that despite the fact that our in-stock position was the best in the company's history during the important Christmas period, we did not achieve levels of sales in line with the previous years' increases. Because of this excellent in-stock position, we were able to attain a higher level of customer satisfaction than we have ever experienced and this will stand us in good stead as we strive to improve sales performance.

Although we had some success with a special catalogue issue for the first time prior to Christmas, there was an extremely soft sales period from the middle of November through to the first week of December largely attributable to the weakness in the economy and a delay in Christmas shopping. The Christmas period is vital to the success of your company but we did not achieve the added volume of sales which would have returned us to the company's earlier levels of profitability.

Much of the success in improving the company's profit position can be attributed to the emphasis placed on managing its expense profile. One area in which significant savings and costs were achieved was the distribution centre which was brought to a high level of efficiency. Since the end of the fiscal year, we sub-leased 135,000 square feet of the 625,000 square foot centre. In prior years, the distribution centre was fully utilized and indeed satellite warehouses were leased at the peak Christmas period. We also achieved substantial savings in general and administrative expenses — no small feat when the current size of the company is considered.

It is important to recognize that the company has a strong cadre of skilled professional managers who supervise the vital functions of store operations, distribution, financial and administrative activities and merchandising.

However, the formula for increasing sales rests with the merchandising team and I propose to focus a great deal of my personal efforts now and in the future on this vital element of our business.

I am now more than ever convinced that your company was built on the entrepreneurial skills of a merchant and I am pleased to return again to devoting most of my energies to restoring the merchandising flair which brought Consumers Distributing to its position as Canada's largest and most profitable catalogue showroom retailer.

As an example of one of the successful techniques of merchandising, I initiated and supervised a greatly increased import program during the past year. The benefits of a carefully planned import program are exclusivity on certain lines of merchandise which produce higher margins. This enables us to offer domestic name-brand goods at lower margins and in doing so, attract greater numbers of customers to our stores. The overall effect is to allow us to maintain an attractive and profitable product mix and continue to offer our customers low prices on good quality brand-name merchandise all year round.

During the year under review, earnings were affected by certain extraordinary cost burdens including the installation of a new computer. The company adopted the conservative approach by absorbing all of the termination costs of the previous computer which was no longer adequate for our growing needs by writing off approximately $300,000 during the fiscal year. The expense of the transitional costs in introducing the new computer were also written off during the year in the amount of $350,000. The company continued its program of installing electronic point of sale terminals for which a long-term lease arrangement has been made on very favourable terms. This point of sale equipment will not only speed up payment for goods at the store level but also transmits information into the central computer which is of enormous benefit to our merchandising team in balancing inventory levels and measuring buying requirements.

However, the full benefits of this program were not felt because of late delivery of many of the units which are only now being installed. We would expect significant cost improvements during the current year when the equipment is installed in many of our stores across the country.

Subsequent to the year-end, I received the resignation of Mr. Albert Plant as president and chief operating officer. This was the result of various philosophical differences in approach to operational policies.

Outlook

We can look ahead with confidence — in the face of a depressed economy — because we have a successful concept, the determination to succeed and the dedicated and talented people who can do the job.

Your company is in sound financial condition with a healthy balance sheet. Despite a difficult year, we improved our working capital position by more than $2 million and our debt position is manageable. The book value of your company is now more than $4 per share.

Appreciation

It is with deep appreciation that your board of directors extends sincere thanks to our management, staff and suppliers whose combined contribution enabled us to make a significant progress towards achieving a turnaround in the company's performance.

Jack Stupp
Chairman of the Board and
Chief Executive Officer

Toronto
May 24, 1977

Consumers Distributing Company Limited

Consolidated Statement of Income and Retained Earnings

	Fifty-two weeks ended January 29, 1977	Thirteen months ended January 31, 1976
Income:		
Sales	$87,316,357	$85,617,694
Share of net earnings (loss) of Consumers Distributing Company (National) Limited (Note 1(b))	585,174	(34,740)
	87,901,531	85,582,954
Costs and expenses:		
Cost of sales and operating expenses (Note 5)	83,428,991	82,702,191
Amortization of financing expenses	12,000	13,000
Interest expense	1,546,969	1,622,502
Depreciation and amortization of equipment and leasehold improvements	940,382	980,885
	85,928,342	85,318,578
Income before income taxes and extraordinary gain	1,973,189	264,376
Income taxes	641,832	119,904
Income before extraordinary gain	1,331,357	144,472
Gain on disposition of investment in Consumers Distributing Company (U.S.), net of related income taxes of $235,894	–	399,945
Net income	1,331,357	544,417
Retained earnings, beginning of period	13,213,375	12,826,236
	14,544,732	13,370,653
Tax paid to create tax-paid undistributed surplus on hand	–	(23,592)
Tax-paid dividends	–	(133,686)
Retained earnings, end of period	$14,544,732	$13,213,375
Earnings per share before extraordinary gain	$ .30	$ .03
Earnings per share	$ .30	$ .12

See accompanying notes.

Consumers Distributing Company Limited

Consolidated Balance Sheet

Assets	January 29, 1977	January 31, 1976
Current:		
Accounts receivable	$ 1,303,004	$ 1,131,640
Current portion of amount due from The May Department Stores Company (Note 3)	244,183	160,336
Income taxes refundable	–	8,361
Due from Consumers Distributing Company (National) Limited	8,945,691	6,148,899
Inventory	26,749,100	24,532,733
Prepaid expenses and sundry assets	1,542,077	1,787,507
Total current assets	38,784,055	33,769,476
Due from The May Department Stores Company, less current portion (Note 3)	517,702	627,814
Investment in Consumers Distributing Company (National) Limited	2,385,900	1,800,529
Equipment and leasehold improvements (Note 4)	6,324,724	6,890,946
Other assets (Note 5)	424,685	567,220
	$48,437,066	$43,655,985
Liabilities		
Current:		
Bank indebtedness (Note 6)	$11,407,685	$ 4,456,953
Accounts payable and accrued liabilities	15,973,719	20,108,198
Income taxes payable	745,787	–
Deferred income taxes	696,174	783,731
Total current liabilities	28,823,365	25,348,882
Deferred income taxes	1,294,215	1,318,974
Shareholders' Equity		
Capital Stock (Note 7);		
Authorized:		
12,000,000 Common shares, without par value		
Issued:		
4,456,196 Common shares	3,774,754	3,774,754
Retained earnings	14,544,732	13,213,375
	18,319,486	16,988,129
	$48,437,066	$43,655,985

See accompanying notes.

On behalf of the Board: JACK STUPP Director
L.S.D. FOGLER Director

Consumers Distributing Company Limited

Consolidated Statement of Changes in Financial Position

	Fifty-two weeks ended January 29, 1977	Thirteen months ended January 31, 1976
Financial resources were provided by:		
Income before extraordinary gain	**$1,331,357**	$ 144,472
Add (deduct) charges (credits) to income not requiring a current outlay (receipt) of funds:		
Depreciation and amortization of equipment and leasehold improvements	**940,382**	980,885
Amortization of deferred charges	**219,800**	389,653
Amortization of financing expenses	**12,000**	13,000
Deferred income taxes	**(24,759)**	(70,631)
Share of net (earnings) loss of Consumers Distributing Company (National) Limited	**(585,174)**	34,740
Working capital provided from operations, exclusive of extraordinary gain	**1,893,606**	1,492,119
Working capital provided from disposition of partnership interest	**110,112**	76,322
	2,003,718	1,568,441
Financial resources were used for:		
Deferred charges	**37,575**	132,364
Tax paid to create tax-paid undistributed surplus on hand	—	23,592
Dividends	—	133,686
Equipment and leasehold improvements	**374,160**	677,911
Other assets	**51,887**	18,600
	463,622	986,153
Increase in working capital	**1,540,096**	582,288
Working capital, beginning of period	**8,420,594**	7,838,306
Working capital, end of period	**$9,960,690**	$8,420,594

See accompanying notes

Auditors' Report

To the Shareholders of
Consumers Distributing Company Limited

We have examined the consolidated balance sheet of Consumers Distributing Company Limited as at January 29, 1977 and the consolidated statements of income and retained earnings and changes in financial position for the fifty-two weeks then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at January 29, 1977 and the results of its operations and the changes in its financial position for the fifty-two weeks then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Laventhol & Horwath

Toronto, Ontario,
April 15, 1977. **Chartered Accountants.**

Consumers Distributing Company Limited

Notes to Consolidated Financial Statements
January 29, 1977

1. Summary of significant accounting policies:

Principles of consolidation:

(a) The consolidated financial statements include the accounts of the company and its subsidiary companies, all of which are wholly-owned.

(b) The investment in 50% of the common shares of Consumers Distributing Company (National) Limited is carried at cost plus the company's equity in undistributed net earnings. The company's share of net earnings is included in the consolidated statement of income and retained earnings.

Condensed operating results of Consumers Distributing Company (National) Limited are as follows:

	Fifty-two weeks ended January 29, 1977	Thirteen months ended January 31, 1976
Sales	$90,928,510	$83,040,849
Net earnings (loss)	$ 1,170,348	$ (69,480)
Consumers Distributing Company Limited share thereof 50%	$ 585,174	$ (34,740)

Inventory:

Inventory is valued at the lower of cost and net realizable value; cost being determined on a first-in, first-out basis.

Equipment and leasehold improvements:

Equipment and leasehold improvements are recorded at cost. Depreciation is provided on a straight-line basis at rates which are designed to write off the assets over their estimated useful lives as follows:

Office, warehouse and showroom equipment — 5% and 10%
Leasehold improvements — Term of lease
Automotive equipment — 10% and 20%

Deferred charges:

Pre-opening costs relating to new branches are amortized over 24 months for established Metropolitan areas and over 36 months for other locations, commencing with the month after the date of opening.

Costs for development of new systems and procedures are amortized over varying periods, not exceeding 36 months.

Income taxes:

The company follows the tax allocation principle of providing for income taxes. Under this principle deferred income taxes result from claiming for income tax purposes capital cost allowances in excess of depreciation and amortization recorded in the accounts, and from writing off for income tax purposes financing expenses, deferred charges and other costs in the year incurred.

2. Change of fiscal year-end:

In order to conform with retail industry practice, the company has changed its fiscal year-end to the Saturday closest to January 31.

For purposes of comparison, these financial statements present the results of operations for the thirteen months ended January 31, 1976.

3. Due from The May Department Stores Company:

During the period ended January 31, 1976 the company disposed of its partnership interest in Consumers Distributing Company (U.S.) to The May Department Stores Company for an amount of $1,060,000. As this amount is payable without interest in instalments over five years, it has been discounted for accounting purposes based upon an imputed interest rate of 10% per annum.

4. Equipment and leasehold improvements:

	Cost	Accumulated depreciation and amortization	Net
Office, warehouse and showroom equipment	$ 6,269,697	$2,269,244	$4,000,453
Leasehold improvements	2,186,568	861,879	1,324,689
Automotive equipment	1,621,118	621,536	999,582
	$10,077,383	$3,752,659	$6,324,724

5. Other assets:

	January 29, 1977	January 31, 1976
Deferred charges:		
Pre-opening costs relating to new branches	$ 79,399	$191,165
Costs for development of new systems and procedures	4,104	74,563
	83,503	265,728
Financing expenses, less amounts amortized	41,488	53,488
Sundry	299,694	248,004
	$424,685	$567,220

Deferred charges amortized during the current period, and included in cost of sales and operating expenses on the consolidated statement of income and retained earnings amount to $219,800 (13 months ended January 31, 1976 — $389,653).

6. Bank indebtedness:

The bank indebtedness is secured by a collateral floating charge on all the assets of the company. The company has also given the bank an assignment of book debts and assignments of life insurance policies in the face amount of $5,100,000, having a cash surrender value of $25,100.

7. Stock options and reservation of shares:

In connection with the company's Employee Stock Option Plan, 225,000 common shares have been reserved. At January 29, 1977 there were options outstanding to purchase 115,120 shares exercisable at prices ranging from $2.75 to $32.50 over the next ten years.

8. Lease obligations:

Property and equipment rental for the fifty-two weeks ended January 29, 1977 amounted to $3,945,785.

Minimum rentals payable under long-term leases for property and equipment in effect as at January 29, 1977 (excluding insurance, property taxes and certain other occupancy charges) are as follows:

1978	$ 4,215,738
1979-1983	19,191,632
1984-1988	15,365,437
1989-2001	22,256,380

9. Contingent liability:

The company is jointly and severally liable with The Oshawa Group Limited as guarantor of certain leases of Consumers Distributing Company (National) Limited. The annual minimum rentals payable by Consumers Distributing Company (National) Limited under these long-term leases in effect as at January 29, 1977 are as follows:

1978	$ 1,363,321
1979-1983	7,059,089
1984-1988	6,551,809
1989-2001	10,230,761

10. Remuneration of directors and senior officers:

The aggregate direct remuneration paid by the company and its consolidated subsidiaries to directors and senior officers of the company for the fifty-two weeks ended January 29, 1977 was $550,953 (13 months ended January 31, 1976 – $616,657).

11. Anti-Inflation legislation:

Under the federal government's anti-inflation programme, which became effective October 14, 1975, the company is subject to controls on prices, profits, compensation and dividends. In the opinion of management, the company has complied with all provisions of this program.

159 Catalogue Showrooms in nine Canadian Provinces (May 24, 1977)

Alberta (15)
Calgary (7)
Edmonton (7)
Lethbridge

Manitoba (9)
Winnipeg (8)
Brandon

New Brunswick (5)
Fredericton
Moncton (2)
Saint John (2)

Newfoundland (1)
St. John's

Nova Scotia (2)
Dartmouth
Halifax

Prince Edward Island (1)
Charlottetown

Quebec (39)
Montreal (20)
Charlesbourg
Chateauguay
Chicoutimi
Drummondville
Granby
Hull
Jonquiere
Levis
Quebec City (4)
Rosemere
St. Hyacinthe
St. Jean
St. Jerome
Sherbrooke
Trois-Rivieres
Valleyfield

Saskatchewan (5)
Regina (2)
Moose Jaw
Prince Albert
Saskatoon

Ontario (82)
Toronto (18)
Ajax
Barrie
Belleville
Bramalea
Brampton
Brantford
Brockville
Burlington (2)
Cambridge
Chatham
Cornwall
Georgetown
Guelph (2)
Hamilton (6)
Kingston
Kitchener
London (6)
Mississauga (2)
Niagara Falls
North Bay
Oakville
Orangeville
Orillia
Oshawa (2)
Ottawa (6)
Owen Sound
Peterborough
Pickering
Richmond Hill
St. Catharines (2)
St. Thomas
Sarnia
Sault Ste. Marie
Stratford
Sudbury (2)
Thunder Bay
Waterloo
Welland
Whitby
Windsor (3)
Woodstock

Consumers Distributing Company Limited
62 BELFIELD ROAD, REXDALE (TORONTO)
ONTARIO M9W 1G2

159 Catalogue Showrooms in nine Canadian Provinces

Alberta (15)
Calgary (7)
Edmonton (7)**
Lethbridge

Manitoba (9)
Winnipeg (8)
Brandon

New Brunswick (5)
Fredericton
Moncton (2)
Saint John (2)

Newfoundland (1)
St. John's

Nova Scotia (2)
Dartmouth
Halifax

Prince Edward Island (1)
Charlottetown

Quebec (38)
Montreal (20)
Charlesbourg*
Chateauguay
Chicoutimi
Drummondville
Granby
Hull
Jonquiere
Levis
Quebec City (4)
Rosemere
St. Hyacinthe
St. Jean
Sherbrooke
Trois-Rivieres
Valleyfield

Saskatchewan (5)
Regina (2)
Moose Jaw
Prince Albert
Saskatoon

Ontario (83)
Toronto (18)
Ajax
Barrie
Belleville
Bramalea
Brampton
Brantford
Brockville
Burlington (2)
Cambridge
Chatham
Cornwall
Georgetown
Guelph (2)*
Hamilton (6)
Kingston
Kitchener
London (6)
Mississauga (2)
Niagara Falls
North Bay
Oakville
Orangeville
Orillia
Oshawa (2)
Ottawa (6)
Owen Sound
Peterborough
Pickering
Richmond Hill
St. Catharines (2)
St. Thomas
Sarnia
Sault Ste. Marie
Stratford
Streetsville
Sudbury (2)
Thunder Bay
Waterloo
Welland
Whitby
Windsor (3)
Woodstock

*Stores Opened to date in 1976

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Consumers Distributing Company Limited,
62 Belfield Road, Rexdale (Toronto), Ont. M9W 1G2

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Consumers Distributing

interim report to shareholders
six months ended July 31, 1976

Distribution aux Consommateurs®

Consumers Distributing®

To our Shareholders

Your company experienced a loss of $297,000 or 6.7 cents per share in the second quarter compared with a loss of $696,000 or 15.6 cents in the first quarter of the current fiscal year.

For the six months ended July 31, the company had a loss of $992,000, or 22.3 cents per share, compared with a loss of $601,000, or 13.5 cents for the same period in 1975.

The results include the company's 50 percent share in the loss of its associated company Consumers Distributing Company (National) Limited, amounting to $343,000 compared to a six-month loss of $217,000 last year.

Results are based on the weighted average number of shares outstanding of 4,456,196.

Combined sales for the six months for Consumers Distributing and Consumers 'National' increased to $69,046,000 from $64,063,000 a year ago. Sales for each company were:—

	1976	1975
Consumers Distributing (Ontario)	$33,925,000	$32,298,000
Consumers 'National'	$35,121,000	$31,765,000

In the current year, one catalogue showroom was opened in Guelph, Ontario, and three by the National company (two in Alberta, one in Quebec). One additional 'National' opening is planned for this year.

In the first half of the year there was a general slackness in retail sales, caused by a combination of poor weather and a lack of consumer confidence, evidenced by an apparent "wait and see" attitude on the part of the public with regard to the Canadian economy. However, through August we have seen signs of a turnaround in the company's performance.

While retail industry inventories are currently higher than normal, your company maintained its inventory at the planned level. This, coupled with the company's ability to keep operating overheads in line and the release of our new fall catalogue a month earlier than last year, positions us well for the balance of 1976 and we expect to finish the current year with a significant profit improvement over 1975.

Toronto
September 3, 1976

Jack Stupp
Chairman and
Chief Executive Officer

Consolidated Statement of Income

Six months ended July 31, 1976
(unaudited)

	1976	1975
Sales	**$33,924,832**	$32,299,231
Share of net loss of Consumers Distributing Company (National) Limited (note 1)	**(342,294)**	(216,827)
	33,582,538	32,082,404
Costs and expenses	**35,230,525**	33,075,642
Loss before taxes and extraordinary item	**(1,647,987)**	(993,238)
Income taxes	**(655,894)**	(391,981)
Loss before extraordinary item	**(992,093)**	(601,257)
Extraordinary item, gain on disposition of investment in Consumers Distributing Company (U.S.) net of related income taxes of $148,505	—	431,084
Net Loss	**$ (992,093)**	$ (170,173)
Earnings (loss) per common share (note 2):		
Loss before extraordinary item	**(22.3¢)**	(13.5¢)
Net Loss	**(22.3¢)**	(3.8¢)

NOTE 1: The company has adopted the equity method of accounting for its investment in 50 percent of the common shares of Consumers Distributing Company (National) Limited. The Company's share of net earnings is reflected in the consolidated statement of income.

NOTE 2: Earnings/Loss per share are calculated using the weighted daily average of shares outstanding during the respective periods.

Consolidated Statement of Changes in Financial Position

Six months ended July 31, 1976
(unaudited)

	1976	1975
Financial resources were provided by:		
Income (loss) before extraordinary item	**$ (992,093)**	$ (601,257)
Add (deduct) items not involving a current outlay (receipt) of working capital:		
Depreciation and amortization of equipment and leasehold improvements	**443,181**	394,686
Amortization of deferred charges	**83,246**	125,091
Amortization of financing expenses	**6,000**	6,000
Increase in deferred income taxes	—	100,450
Share of net earnings of Consumers Distributing Company (National) Limited	**342,294**	216,827
Working capital provided from operations exclusive of extraordinary item	**(117,372)**	241,797
Proceeds from disposition of investment in Consumers Distributing Company (U.S.) net of related expenses and income taxes	—	717,402
Less: non-current note receivable	—	(641,125)
Working capital provided by income from extraordinary item	—	76,277
	(117,372)	318,074
Financial resources were used for:		
Deferred charges	16,981	44,771
Tax paid to create tax-paid undistributed surplus on hand	—	23,592
Dividends	—	133,686
Equipment and leasehold improvements	**271,897**	435,131
	288,878	637,180
Increase (decrease) in working capital	**(406,250)**	(319,106)
Working capital at beginning of period	**8,420,594**	7,752,413
Working capital at end of period	**$8,014,344**	$7,433,307